

156 FERC ¶ 61,177
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Norman C. Bay, Chairman;
Cheryl A. LaFleur, Tony Clark,
and Colette D. Honorable.

Vineland Municipal Electric Utility

Docket No. EL16-60-000

v.

Atlantic City Electric Company

ORDER DENYING COMPLAINT

(Issued September 14, 2016)

1. On April 26, 2016, Vineland Municipal Electric Utility (Vineland) filed a complaint against Atlantic City Electric Company (ACE), pursuant to section 206 of the Federal Power Act (FPA),¹ alleging that ACE's decision to, without prior notice or approval from Vineland, apply a "retail reconciliation factor" to Vineland's five coincident hourly metered loads for the purpose of calculating Vineland's capacity obligation, is in violation of the Interconnection Agreement between Vineland and ACE as well as the PJM Interconnection, L.L.C. (PJM) Open Access Transmission Tariff (PJM OATT or Tariff). Vineland seeks refunds of all amounts it believes it overpaid due to ACE adjusting its load calculation. In this order, we deny Vineland's complaint.

I. Background

2. Vineland is a municipal utility serving the City of Vineland, New Jersey, located in the ACE Transmission Zone (ACE Zone) within PJM. Vineland receives transmission service under the PJM Tariff, subject to the terms of the Interconnection Agreement with ACE.² Pursuant to the Interconnection Agreement, Vineland's distribution system is

¹ 16 U.S.C. § 824e (2012).

² PJM FERC Electric Tariff, Sixth Rev. Vol. No. 1, Service Agreement No. 1670, <http://elibrary.ferc.gov/idmws/common/OpenNat.asp?fileID=11374742>.

physically interconnected with ACE's distribution and transmission facilities. ACE's transmission facilities comprise the ACE Zone and are subject to PJM's operating agreements.

3. On Vineland's behalf, ACE transmits to PJM certain load values and load adjustment information for Vineland including certain PJM-authorized adjustments, such as (and as relevant here) an additional load adjustment reflecting weather normalization. PJM requires this data in order to process certain billing requirements and to calculate capacity and transmission charges for load serving entities under the PJM Tariff.

4. In its complaint, Vineland asserts that ACE imposed an unauthorized adjustment from ACE's retail Supplier Operations Manual (Retail Manual) to Vineland's load, even though the Commission found that the Retail Manual does not apply to Vineland.³ Specifically, Vineland states that ACE adjusted Vineland's capacity peak load contribution (CPLC) values upward and then improperly reported the inflated values to PJM, which ultimately increased the capacity charge PJM assessed to Vineland during the 2015-2016 delivery year by 18.6 percent or \$1.6 million. Vineland argues that ACE imposed this adjustment without notice or prior approval in violation of the parties' Interconnection Agreement; without authority under any wholesale tariff; and in violation of the filed-rate doctrine by applying an adjustment approved by retail regulatory authorities for use with ACE's retail customers.⁴

5. Vineland states that each fall, prior to November 2014, ACE identified Vineland's load on the five PJM coincident summer peak hours, forwarded the values to Vineland for approval, and then the values (or a number very close to it)⁵ would be forwarded to PJM as the Vineland CPLC. According to Vineland, on November 12, 2014, ACE transmitted a spreadsheet to Vineland reporting that Vineland's CPLC was 127.632 MW and Vineland responded later that day confirming the data. Vineland states that, at some point thereafter and without Vineland's knowledge or consent, ACE applied a Retail Manual adjustment to Vineland's approved load data, resulting in an adjusted CPLC of 151.328 MW, an increase of more than 18.6 percent, and reported the adjusted CPLC to

³ Complaint at 1-2 (citing *Vineland Mun. Elec. Util. v. Atl. City Elec. Co.*, 146 FERC ¶ 61,077 (2014) (*Vineland I*) (finding that ACE had no authority to apply the Retail Manual's adjustment for Unaccounted for Energy to Vineland's load)).

⁴ *Id.* at 2.

⁵ Vineland noticed that each year ACE reported slightly different on-peak loads than the average of the five coincident peaks, but did not protest or question the figures because they were small and had only a *de minimis* effect on its annual PJM facilities charge. *Id.* at 6 n.13.

PJM. Vineland states that, on January 13, 2015, it advised ACE that it had not yet received the official CPLC value for the 2015-2016 delivery year and ACE responded that the “2015 CPLC value of 151,327.69 kw (effective 6/1/2015 – 5/31/2016)” had been posted at PJM. Vineland maintains that, because the difference between the average of the Vineland-approved load values and the ACE-adjusted CPLC, i.e., 23.696 MW (151.328 MW minus 127.632 MW), was an amount similar in magnitude to the PJM reserves added to the average of Vineland’s five coincident peak loads in prior years, this led Vineland to believe that the figure provided in ACE’s email (151.328 MW) was the unforced capacity obligation (UCAP) value (including PJM reserves) rather than the actual CPLC.

6. Vineland states that, on July 8, 2015, PJM issued its invoice for service rendered in the first month of the 2015-2016 delivery year and Vineland discovered that the PJM capacity charges were based on a daily UCAP value of 170.077 MW, which included the addition of reserves to the “erroneously high” CPLC of 151.328 MW. Vineland states that, as a “budget-driven government agency,” it struggled to find revenue in its budget to cover the unexpected increase in capacity costs.⁶

7. Vineland states that, on October 21, 2015, it contacted ACE seeking an explanation for the increased CPLC reported to PJM for the Vineland capacity, and ACE replied that the 18.6 percent difference “is due to the scaling of all CPLCs to match the ACE Zone PJM allocation and includes the effect of weather normalization done by the PJM [Load Analysis Subcommittee] . . . All CPLCs receive this same scaling factor for the specific year.”⁷ Vineland states that the CPLC value ACE reported for Vineland is the highest it has been in four years, even though the average of the five coincident peak metered loads was the lowest it has ever been by a large amount. According to Vineland, if it had known about this adjustment, it would have taken steps to protest the adjustment.⁸

8. Vineland states that, on November 19, 2015 and December 4, 2015, it exchanged correspondence with ACE regarding the CPLC adjustment and ACE cited PJM Manual 18, Section 7.4 regarding weather normalization. Vineland argues that PJM

⁶ *Id.* at 7-8.

⁷ Vineland states that a spreadsheet was provided showing for the first time the application of a “Reconciliation Factor” with the following description: “Reconciliation Factor used to scale sum of all PLCs to the ACE zone PJM allocation – includes effects of LAS weather normalization, etc.”

⁸ *Id.* at 9.

Manual 18 does not provide authority because it states that an electric distribution company's (EDC) method for allocating its normalized peak load to its retail and wholesale customers must be "based on rules negotiated with its regulators."⁹ Vineland states that the PJM manuals do not prescribe any guidelines for these rules or establish an allocation methodology, but ACE applied the methodology in its Retail Manual to allocate the ACE weather normalized zone load (as determined by PJM) by multiplying the ACE zonal load by the ratio of Vineland's total annual load to ACE's total system load. Vineland asserts that the retail manual does not provide authority for the adjustment because it only applies to retail customers.¹⁰ Vineland further argues that this method does not accurately weather normalize Vineland's 2015 CPLC because it produces a load value that exceeds prior actual loads on high temperature days and therefore the CPLC adjustment is unjust and unreasonable.¹¹ Vineland states that the method does not provide credit to Vineland for the permanent load drops from solar generation that occur on the PJM peaks and does not account for depressed economic conditions and higher temperatures in Vineland compared to the rest of the ACE Zone.¹²

9. Vineland argues that the applicable tariff is the Interconnection Agreement, which does not authorize the weather normalization adjustment. Vineland further states that the Interconnection Agreement requires ACE to obtain Vineland's approval before reporting Vineland's annual CPLCs to PJM and to "actively communicate" with Vineland to "mitigate unnecessary additional costs associated with delayed communications with regard to obligations imposed by the [Interconnection] Agreement and by the PJM Agreement."¹³ Thus, Vineland states, ACE's failure to notify or get approval from Vineland of the adjustment violates a Commission-approved tariff and deprived Vineland of any opportunity to challenge the anomalous result with PJM pursuant to PJM Manual 19. Vineland further argues that imposing an unauthorized adjustment violates the filed rate doctrine.¹⁴

⁹ *Id.* at 13 (citing PJM Manual 18, section 7.4).

¹⁰ *Id.* at 12 (citing *Vineland I*, 146 FERC ¶ 61,077 at P 33 ("[T]he terms of the Manual do not suggest that it applies to Vineland.")).

¹¹ *Id.* at 14.

¹² *Id.* at 15-16.

¹³ *Id.* at 13 (citing Interconnection Agreement, §§ 5.6(a); 3.5).

¹⁴ *Id.* at 13-14, 17.

10. Vineland seeks a Commission order (1) prohibiting ACE from applying any “reconciliation factor” to determine Vineland’s capacity obligations in the future; (2) directing ACE to abide by the Interconnection Agreement; and (3) directing ACE to refrain from applying the formulas and protocols from its retail supplier manuals to Vineland, a wholesale customer. Vineland requests that the Commission direct ACE and PJM to refund all excessive amounts paid by Vineland since June 1, 2015, plus interest, as the result of the “unauthorized” adjustment.¹⁵

II. Notice of Filing and Responsive Pleadings

11. Notice of the complaint was published in the *Federal Register*, 81 Fed. Reg. 28,856 (2016), with answers and interventions or protests due on or before May 16, 2016. ACE filed a timely answer on May 16, 2016. On May 19, 2016 and June 7, 2016, respectively, PJM and the New Jersey Board of Public Utilities (NJBP) filed motions to intervene out-of-time.

12. On May 24, 2016, PJM filed comments. On May 26, 2016, Vineland filed a response to ACE’s answer. On June 3, 2016, ACE filed an answer to Vineland’s response.

A. ACE’s May 16 Answer

13. ACE states that Vineland’s complaint arises as a result of the 2015/2016 delivery year allocation of the weather normalized adjustment that PJM assigns to all load within each of its transmission zones. ACE states that all load in PJM was subject to a positive weather normalization adjustment within a range reaching as high as 23 percent for some zones and approaching 19 percent in the ACE Zone, a level unusually high compared to prior years.¹⁶

14. ACE states that weather normalization is an established and well-defined PJM process to determine capacity obligations within PJM.¹⁷ ACE states that Vineland’s load is included in the calculation that PJM performs annually for the weather normalized adjustments to determine capacity obligations in PJM and the ACE Zone. ACE states

¹⁵ *Id.* at 2.

¹⁶ ACE May 16 Answer at 2.

¹⁷ *Id.* at 3 (citing PJM Manual 18, Capacity Market, Section 7 (Load Obligations); PJM Manual 19, Load Forecasting and Analysis, Section 4 (Weather Normalization and Coincident Peaks)).

that PJM has the responsibility for calculating weather normalization and that PJM stakeholders review this process through the PJM Load Analysis Subcommittee. ACE further explains that PJM assigns an adjusted load value to ACE as the EDC and ACE is responsible for allocating that value to the load in the ACE Zone.¹⁸ ACE asserts that the PJM manual provisions state that all load, both retail and wholesale, are subject to weather normalization,¹⁹ pursuant to EDC-specific methodologies that typically employ the customer's shares of Regional Transmission Organization actual peaks.²⁰ ACE further states that the PJM manuals also describe the requirement for the EDC to report the CPLC figures to PJM, including the adjustment for weather normalization.²¹

15. ACE states that Vineland has been subject to the PJM-produced weather normalization adjustments that it now challenges since 2006. ACE states that each year, Vineland approves the data that comprises CPLCs, to which the weather normalized adjustment is added. ACE states that Vineland has accepted this process and the PJM-produced weather normalization adjustments without issue or inquiry since the 2006 load forecast.²²

16. ACE states, if Vineland does not receive an allocation of the 2015 weather normalization, PJM will rebill that portion of the weather normalization adjustment to the other load serving entities. ACE states that Vineland's concerns have arisen only in the one year that much of PJM saw an unusually large increase in charges due to the unusually mild summer of 2014 combined with very low metered load used to determine the capacity obligations for the following year.²³

¹⁸ *Id.* at 8 (citing PJM Manual 18, Section 7.3.1 (Zonal Weather Normalized Summer Peaks)).

¹⁹ *Id.* at 3 (citing PJM Manual 18, Section 7.4 ("Each PJM Electric Distribution Company is responsible for allocating its normalized previous summer's peak to each customer in the zone (both retail and wholesale)"); PJM Manual 19, Section 4.1 ("The weather normalized (W/N) coincident peaks are used by EDCs to determine capacity peak load shares for wholesale and retail customers.")).

²⁰ *Id.* at 9 (citing PJM Manual 19, Section 4.3).

²¹ *Id.* (citing PJM Manual 18, Section 7.4).

²² *Id.* at 4, 12.

²³ *Id.* at 7.

17. ACE argues that, although Vineland claims it bears no responsibility for its share of weather normalization, Vineland would be the only wholesale customer afforded this unique benefit in PJM, to ACE's knowledge. ACE states that the Commission has recognized weather normalization as an industry-wide practice and has previously rejected a municipal utility's argument that load should not be subject to weather normalization based on the municipal utility's own assessment that the load at issue was not weather sensitive.²⁴ ACE argues that, if Vineland believes that weather normalization is inappropriately applied to its zone, its recourse is a Section 206 complaint against PJM. ACE states that Vineland is free to work with PJM and the stakeholder process to understand its role regarding PJM weather normalization.²⁵

18. ACE argues that the calculation and allocation of Unaccounted for Energy is not akin to the weather normalized adjustment. ACE states that the goal of Unaccounted for Energy is to allocate any shortfall or overage caused by losses and metering error to load within a particular zone whereas weather normalization is applied by PJM across all zones to ensure resource adequacy, is calculated using all load in the RTO, and has been used in reliability planning for many years.²⁶

19. ACE states that it has appropriately performed its duties both in compliance with Section 5.6 of the Interconnection Agreement and consistent with years of past practice and common understanding between the parties. ACE asserts that years of email correspondence demonstrate that annually ACE provides the spreadsheets with the CPLC data, and Vineland replies by email with its approval.²⁷ ACE states that it is the responsibility of Vineland to verify the data and identify discrepancies with the PJM bills, and had Vineland been performing this role, it could not be unaware that differences existed in the values agreed to and the ultimate billing values. ACE states that it has not routinely provided the final, adjusted CPLC used by PJM for billing, as those are available in the PJM system by mid-December. According to ACE, Vineland has full access to this data in the PJM eRPM system, and has no need to rely on ACE for those

²⁴ *Id.* at 14 (citing *Duke Power Co.*, 47 FERC ¶ 61,237, at 61,839-40 (1989)).

²⁵ *Id.* at 15.

²⁶ *Id.* at 17.

²⁷ *Id.* at 18.

values.²⁸ Finally, ACE asserts that, if Vineland were to become a fully metered EDC, ACE would no longer be required to be the data provider for Vineland's obligations.²⁹

B. PJM Comments

20. In its comments, PJM states that Vineland's complaint concerns the process for determining the Locational Reliability Charge that is assessed by PJM on each party to the Reliability Assurance Agreement Among Load Serving Entities in the PJM Region (Reliability Assurance Agreement) to compensate capacity obligations procured through the Reliability Pricing Model (RPM) auctions. PJM states that it does not take a position as to the details underlying the relationship between Vineland and ACE or the dispute presented in the complaint.³⁰

21. PJM explains that each party to the Reliability Assurance Agreement – that is, each load serving entity – pays a Locational Reliability Charge for the load it serves in each zone during a delivery year.³¹ The Final RTO UCAP Obligation is allocated to each zone based on the ratio of the zone's forecast coincident peak load (coincident with the PJM RTO forecast peak load) relative to the RTO forecast peak load.³²

22. PJM states that, in October prior to the start of each delivery year, PJM determines the weather normalized peak load for the PJM RTO and each zone's weather-normalized peak load from the most recent summer period, then posts the date, hour and metered load for each zone as measured at the time of the five highest RTO peak loads.³³ PJM provides this information for EDCs to use in their allocation of the zone's weather-normalized summer peak to each party serving load in the zone. PJM states that, no later than five months prior to the start of each delivery year, the EDC for each zone allocates the zone's weather-normalized coincident summer peak load to parties in the zone to

²⁸ *Id.* at 19.

²⁹ *Id.* at 23.

³⁰ PJM Comments at 1-2.

³¹ *Id.* at 2 (citing PJM Reliability Assurance Agreement Among Load Serving Entities in the PJM Region, Art. 7.2).

³² *Id.* at 2-3.

³³ *Id.* at 3 (citing Reliability Assurance Agreement, Art. 7.2; Schedule 8, Section B).

determine the Obligation Peak Load for each party within the zone. The sum of the Obligation Peak Load values of all parties within a zone must equal the zone's weather normalized peak load.³⁴ Each day of the delivery year, the EDC for each zone provides PJM with the Obligation Peak Load for each party within the zone, and PJM determines each party's Daily UCAP Obligation in the zone.³⁵ PJM states that, to determine the Obligation Peak Load for each party in the zone, many EDCs determine the ratio of a party's average load over the five PJM peak load hours of the prior summer period to the average zone load over these same hours, and then multiply this ratio by the zone's weather-normalized coincident peak from the prior summer period.³⁶

23. PJM states that the ratio of the ACE Zone's weather normalized peak to the ACE Zone's metered load increased significantly in the 2015-2016 delivery year. PJM states, this is due to a significant reduction in the ACE Zone's metered peak from summer 2014 which, in turn, was due to the extremely mild weather in the ACE Zone, and across all of PJM, on the 2014 PJM peak load day. According to PJM, the heat index in the ACE Zone on the 2014 PJM peak load day was 94 degrees, compared to an average of 102.9 degrees over the last 42 years.³⁷ PJM states that the adjustment discussed in the complaint was applied not just to the Vineland load, but to all load within the ACE Zone for the 2015-2016 delivery year. PJM states that, by applying the same adjustment to all load located within a zone, a party's share of the zone's weather normalized peak load is equivalent to the party's share of the zone's average metered peak during the five PJM peak load hours of the prior summer period.³⁸

C. Vineland's Answer to ACE's May 16 Answer and PJM Comments

24. In its response, Vineland asserts that it is not challenging PJM's weather normalization adjustment, but rather it is challenging whether ACE's weather normalization methodology is just and reasonable as applied to Vineland's specific factual situation. Vineland challenges ACE's decision to apply to Vineland the same

³⁴ *Id.* at 3 (citing Reliability Assurance Agreement, Art. 7.2; Schedule 8, Section D).

³⁵ *Id.* at 3 (citing Reliability Assurance Agreement, Art. 7.2; Schedule 8, Section A).

³⁶ *Id.* at 4-5.

³⁷ *Id.* at 5.

³⁸ *Id.* at 6.

retail weather normalization adjustment applied to the entire ACE Zone because Vineland's particular circumstances are distinguishable from the rest of the ACE Zone.³⁹

25. Vineland asserts that the application of weather normalization diminishes the value of Vineland's intensive development of solar generation. Vineland further argues that ACE fails to demonstrate the reasonableness of assigning to Vineland the highest CPLC in seven years at the same time that Vineland's actual average load during the five PJM coincident peaks is the lowest it has been in ten years.⁴⁰

D. ACE's Answer to PJM Comments and Vineland's May 26 Answer

26. ACE responds that Vineland demonstrates a continuing reluctance to acknowledge PJM's authority with respect to weather normalization within the RTO and seeks an accommodation for its capacity obligation not supported in any existing documentation or case law. ACE asserts that Vineland has pointed to nothing to support its claim that a customer's specific factual situation can be accounted for by ACE or that a failure to do so results in an unjust and unreasonable allocation. ACE states that PJM is responsible for load forecasting, in which it accounts for solar generation, and ACE does not have discretion to look behind PJM's results and adjust capacity obligations or use different peaks based on a particular customer's generation mix.⁴¹ ACE states that every wholesale and retail customer can argue that PJM's weather normalization calculation penalizes it because it increases their capacity responsibility and that PJM, not the Commission, should be the arbiter of factual disputes regarding load. ACE further argues that Vineland does benefit from its solar generation when that generation operates during the five capacity peaks because it reduces Vineland's load during those peaks.⁴²

27. ACE also states that the Interconnection Agreement does not refer to approval of weather-adjusted CPLCs and past practice and agreement between the parties demonstrate that the process regarding sign-off on the data was acceptable to both parties, including Vineland's responsibility for checking its final billing at PJM.⁴³ ACE asserts

³⁹ Vineland May 26 Answer at 3.

⁴⁰ *Id.*

⁴¹ ACE June 3 Answer at 3 (citing Load Forecasting Whitepaper, ACE May 16 Answer, Attachment 4).

⁴² *Id.* at 4.

⁴³ *Id.* (citing Vineland Settlement Proposal, Attachment 11 to ACE May 16 Answer).

that Vineland is, in effect, asking that other load bear its costs for the 2014/2015 delivery year, as well as any future year, by reallocating Vineland's share exclusively to retail customers.⁴⁴

III. Discussion

A. Procedural Matters

28. Pursuant to Rule 214(d) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214(d) (2015), we grant PJM's and NJBPU's late-filed motions to intervene, given their interest in the proceeding, the early stage of the proceeding, and the absence of any undue prejudice or delay.

29. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2015), prohibits answers to answers unless otherwise ordered by the decisional authority. We accept Vineland's and ACE's answers because they provided information that assisted us in our decision-making process.

B. Commission Determination

30. As discussed below, we find that Vineland has failed to satisfy its burden under FPA section 206 to demonstrate that ACE's application of PJM's weather normalization adjustment to Vineland's CPLC is unjust, unreasonable, unduly discriminatory or preferential.

31. Vineland asserts this case is similar to a prior determination by the Commission that ACE had no authority to adjust Vineland's load for Unaccounted for Energy.⁴⁵ We find that the load adjustment contested here differs from the Unaccounted for Energy charge. While the Commission in *Vineland I*, found for Vineland because the PJM OATT makes no reference to Unaccounted for Energy, the weather normalization adjustment ACE applied to Vineland's load directly involves a PJM-administered duty or obligation that is part of the PJM Tariff. The PJM Reliability Assurance Agreement, accepted by the Commission as the filed rate and to which Vineland is a party, requires weather normalization to be factored into the calculation of each party's Locational Reliability Charge. Specifically, each party to the agreement (i.e. load serving entities,

⁴⁴ *Id.* at 4-5.

⁴⁵ See *Vineland I*, 146 FERC ¶ 61,077.

including Vineland),⁴⁶ is assessed a Locational Reliability Charge, which equals a party's Daily UCAP Obligation in a zone, as determined pursuant to Schedule 8 of the agreement, multiplied by the final zonal capacity price for such zone.⁴⁷ Schedule 8 provides that PJM will determine the Daily UCAP Obligation for each party to the agreement and, in turn, each party's Locational Reliability Charge, using the weather normalized capacity peak share (Obligation Peak Load) for each party.⁴⁸ EDCs submit to PJM the Obligation Peak Load for all wholesale and retail customers within their zones.⁴⁹

⁴⁶ Under the PJM Operating Agreement, Vineland is considered a load serving entity and the Tariff does not otherwise distinguish between "wholesale" and "retail" load serving entities. *See* PJM Operating Agreement, § 1.18 ("Load Serving Entity" shall mean an entity, including a load aggregator or power marketer, (1) serving end-users within the PJM Region, and (2) that has been granted the authority or has an obligation pursuant to state or local law, regulation or franchise to sell electric energy to end-users located within the PJM Region, or the duly designated agent of such an entity.); *see also* *Commonwealth Edison Co.*, 133 FERC ¶ 61,118, at P 3 (2010) ("Under paragraph D of Schedule 8 [of the PJM Reliability Assurance Agreement], Commonwealth Edison Co. is responsible for allocating the most recent weather-normalized summer peak load to *each retail and wholesale* municipal customer in the zone.") (emphasis added).

⁴⁷ PJM Reliability Assurance Agreement, Art. 7.2.

⁴⁸ *Id.* Schedule 8, Paragraph A ("Daily Unforced Capacity Obligation = [Obligation Peak Load, defined as the daily summation of the weather-adjusted coincident summer peak . . . of the end-users in such Zone . . . for which such Party was responsible . . .] x Final Zonal RPM Scaling Factor x [Forecast Pool Requirement]").

⁴⁹ *Id.* Paragraph D; PJM Manual 19: Load Forecasting and Analysis, Section 4 (Weather Normalization and Coincident Peaks) ("The weather normalized (W/N) coincident peaks are used by EDCs to determine capacity peak load shares for wholesale and retail customers. . . . Zonal weather-normalized RTO-coincident summer peak loads are allocated to the wholesale and retail customers in the zones using EDC-specific methodologies that typically employ the customer's shares of RTO actual peaks."). *See also* *Commonwealth Edison Co.*, 133 FERC ¶ 61,118 at P 12 ("As Commonwealth Edison Co. points out, the proposed tariff provisions specify how Commonwealth Edison Co. will calculate the Obligation Peak Load that it reports to PJM, and that PJM uses the Obligation Peak Load to calculate the Locational Reliability Charge issued by PJM to [load serving entities] utilizing the RPM to satisfy their capacity obligations. As such, the proposed tariff provisions specify methodologies that are inputs to Commission-jurisdictional charges assessed by PJM to [load serving entities], who are customers of PJM.").

Moreover, ACE's Attachment M-2 also references the allocation of weather normalization in addressing the determinations made by ACE in its role as an EDC operating within PJM.⁵⁰ Thus, unlike the Unaccounted for Energy charge, which was not referenced in the PJM OATT, there is a rate on file supporting allocation of weather normalization to Vineland and ACE has an obligation to PJM to reflect weather normalization for all entities within its zone.

32. Vineland also argues that ACE's application of PJM's weather normalization calculation is unjust and unreasonable as applied to Vineland's specific factual situation. Specifically, Vineland cites its solar generation program and low average load, among other factors, as reasons its load should not be weather normalized in the same fashion as the rest of the zone. However, the weather normalization method applies zone-wide and is standard practice.⁵¹ PJM explains that the ratio of the ACE Zone weather normalized peak to the ACE Zone metered load increased significantly in the 2015-2016 delivery year due to the extremely mild weather in the ACE Zone and across all of PJM on the 2014 PJM peak load day.⁵² Thus, the adjustment was applied not just to the Vineland load, but to all load within the ACE Zone for the 2015-2016 delivery year. Further, Vineland's conservation efforts are already reflected in both its actual demand (pre-adjustment) and by decreasing its load ratio share, to which weather normalization is applied.

33. We find that it is not unreasonable for ACE to use the same weather normalization ratio for Vineland as for other customers because PJM included Vineland's load in calculating the weather normalization adjustment for the entire ACE Zone. Using a different allocation formula for Vineland would shift costs to other customers in the ACE Zone.⁵³ If Vineland objects to PJM's method for weather normalizing its load, then

⁵⁰ See PJM Open Access Transmission Tariff (OATT) at Attachment M-2 (Atlantic City Electric Company Procedures For Determination of Peak Load Contributions and Hourly Load Obligations For Retail Customers), PJM Interconnection, L.L.C., Intra-PJM Tariffs OATT ATT M-2 (AtlanticCi), OATT ATTACHMENT M-2 (Atlantic City Electric Co.) 1.0.0.

⁵¹ See *Duke Power Co.*, 47 FERC ¶ 61,237 at 61,839-40 (finding that weather normalization is standard industry practice and rejecting argument that a wholesale customer's load should not be subject to weather normalization based on the customer's unsubstantiated assessment that the load is not weather sensitive).

⁵² PJM Comments at 5.

⁵³ ACE June 3 Answer at 2-3.

Vineland should raise that objection within the PJM stakeholder process or file a complaint against PJM.⁵⁴

34. Vineland also argues that the Interconnection Agreement requires ACE to provide notice to Vineland and obtain approval of the use of a weather normalization factor before adjusting the CPLC verified by Vineland. The Interconnection Agreement merely requires ACE to “report [Vineland]’s annual capacity and transmission peak load contributions to PJM” and to “provide this data to [Vineland] for review and approval prior to sending the data to PJM.”⁵⁵ Thus, the agreement is ambiguous as to the obligations with respect to normalization. We find that the more reasonable interpretation is that the requirement for approval is limited to the actual CPLC values. Since the weather normalization is performed by PJM, and ACE merely applies the PJM-supplied adjustment to the agreed-upon load values, Vineland’s agreement to these numbers essentially would be superfluous, and we find no violation of the Interconnection Agreement.

35. Moreover, the prior course of conduct between the parties indicates that the standard practice has been for ACE to apply weather normalization after receiving verification of the CPLC data from Vineland. ACE states that, since 2006, it has applied weather normalization to Vineland’s load shares before reporting the data to PJM. Despite asserting that it was unaware of this adjustment,⁵⁶ Vineland concedes that, each year, ACE reported to PJM on-peak loads slightly different from the average of the five coincident peaks.⁵⁷ Vineland also bears the responsibility to review its own data and billing. According to PJM, in October prior to the start of each delivery year, PJM posts

⁵⁴ ACE avers that many stakeholders, concerned with the large increase during the 2015-2016 delivery year, presented the issue to PJM’s Load Analysis Subcommittee with PJM subsequently re-evaluating the method used to adjust load for weather normalization and revising the methodology, to begin with the 2016-2017 delivery year. PJM’s 2015 Load Forecasting Model Whitepaper states that the goal was to produce more meaningful long-term load trends for each zone. The Load Analysis Subcommittee charter (<http://www.pjm.com/~media/committees-groups/subcommittees/las/postings/20050815-las-charter.ashx>) states that each PJM Member may appoint a representative to the Load Analysis Subcommittee.

⁵⁵ Interconnection Agreement, § 5.6.

⁵⁶ See Vineland Complaint at 9 (“If it had known about this [Reconciliation Factor] adjustment, Vineland would have taken steps to protest the adjustment.”).

⁵⁷ See *supra* note 4.

the weather normalized peak loads for each zone and ACE allocates that value to all parties in the zone, including Vineland, by December before the delivery year.⁵⁸ The course of conduct of the parties, therefore, supports the interpretation that ACE's adjustment to the agreed-upon CPLC values did not violate the Interconnection Agreement.⁵⁹

36. We conclude that Vineland has not demonstrated that ACE's application of weather normalization to Vineland's CPLC is unjust, unreasonable, unduly discriminatory or preferential. Accordingly, we deny Vineland's complaint.

The Commission orders:

Vineland's complaint is hereby denied, as discussed in the body of this order.

By the Commission.

(S E A L)

Kimberly D. Bose,
Secretary.

⁵⁸ The Reliability Assurance Agreement requires the EDC for each zone to allocate the zonal weather-normalized peak load to each party within the zone no later than five months (December) prior to the start of the delivery year. PJM Reliability Assurance Agreement, Schedule 8, section D. Vineland and ACE are both parties to the Reliability Assurance Agreement.

⁵⁹ Vineland argues that it did not protest in the past because the difference was small and had only a *de minimis* effect on its annual PJM facilities charge. Vineland, however, recognized these adjustments are made routinely, without its approval, and apparently only objected this year because PJM's weather-normalization scaling happened to be high.